

Message Text

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SUBJ: FOREIGN ECONOMIC POLICY TOWARD AFRICA

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1. EMBASSY APPRECIATES RECEIVING REFTEL AND WHOLEHEARTEDLY SUPPORTS EFFORTS TO FORMULATE NEW METHODS FOR US TO PARTICIPATE EFFICIENTLY IN ECONOMIC AND SOCIAL DEVELOPMENT OF AFRICAN STATES. IN PARTICULAR, WE SUPPORT PRINCIPLE OF INTRODUCING GREATER FLEXIBILITY INTO ALLOCATION OF U.S. DEVELOPMENT ASSISTANCE FUNDS. TOO OFTEN WE ARE UNABLE TO RESPOND QUICKLY AND EFFICIENTLY WHEN SPECIFIC HELP IS URGENTLY NEEDED, BECAUSE OF OVERLY RIGID POLICY CONSTRAINTS. WE RECOGNIZE THE NEED FOR POSITIVE GLOBAL PRIORITIES AND POLICIES (E.G., FOOD PRODUCTION, POPULATION PLANNING) THAT SET REALIZABLE GOALS: AT THE SAME TIME WE QUESTION THE USEFULNESS OF GENERAL PROHIBITIONS AGAINST CERTAIN TYPES OF DEVELOPMENT PROJECTS (E.G., INFRASTRUCTURE) AND/OR APPLYING POSITIVE POLICIES WILLY-NILLY, REGARDLESS OF APPROPRIATENESS TO A PARTICULAR LOCALE (E.G., PL 480). POLICY FORMULATION AND IMPLEMENTATION OF THIS TYPE NEEDLESSLY HINDERS U.S. DEVELOPMENT ASSISTANCE AND, FROM POLITICAL POINT OF VIEW, MAKES US APPEAR MUCH LESS FORTHCOMING AND HELPFUL THAN WE
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PAGE 02 YAOUND 03356 111937Z

ACTUALLY ARE. COMMENTS BELOW TOUCH ON SEVERAL OF THE SIX SPECIFIC AREAS DISCUSSED REFTEL.

2. INFRASTRUCTURE. EMBASSY WHOELHEARTEDLY SUPPORTS GREATER U.S. INVOLVEMENT IN INFRASTRUCTURE PROJECTS. IN CAMEROON, AT LEAST, THERE IS NO NECESSARY CONTRADICTION BETWEEN INFRASTRUCTURE PROJECTS AND THOSE DESIGNED TO MEET THE BASIC HUMAN NEEDS OF

THE POPULATION; INDEED THE TWO MAY OFTEN BE HAND IN GLOVE. THERE IS VIRTUAL UNANIMITY AMONG BOTH CAMEROONIANS AND EXPATRIATES (INCLUDING AMERICANS) THAT DEVELOPMENT OF AN ADEQUATE TRANSPORTATION SYSTEM IS THE COUNTRY'S MOST PRESSING NEED. FOR EXAMPLE, CAMEROON HAS THE POTENTIAL TO BE A SIGNIFICANT FOOD PRODUCER AND EXPORTER. HOWEVER, ONE OF THE CONSTRAINTS ON INCREASED PRODUCTIO, PARTICULARLY FOR SMALL FARMERS, IS THE LACK OF RURAL ROADS BY WHICH PRODUCERS COULD SEND THEIR PRODUCE TO THE MAIN TRUCNK LINES OF THE NATIONAL TRANSPORTATION SYSTEM AND THEREBY TO THE MARKETS IN THE LARGE CITIES AND NEIGHBORING COUNTRIES. AID HAS PROPOSED A \$10 MILLION LOAN TO FY80 TO FINANCE IMPROVEMENT OF THE RURAL ROAD SYSTEM IN WEST AND NORTH WEST CAMEROON, THE LOAN WILL COMPLEMENT SEVERAL OTHER ROAD AND RURAL DEVELOPMENT PROJECTS FUNDED BY IBRD, FED AND FRG. IF IMPLEMENTED, AID LOAN WILL STIMULATE AND ASSIST SMALL LOCAL PRODUCERS TO OBTAIN A LARGER SHARE OF THE GROWING MARKET FOR FOOD PRODUCTS. ANOTHER INFRASTRUCTURE AREA IN WHICH U.S. CAN MAKE SIGNIFICANT CONTRIBUTION IS IN LOW COST HOUSING TO ENCOURAGE PROVISION BASIC SHELTER FOR URBAN POOR THROUGH SITES AND SERVICES PROJECTS AND LOAN PROGRAMS FOR HOUSING.

3. CONCENTRATION IN EXPORTS. CAMEROON EARNS ABOUT 60 PERCENT OF ITS FOREIGN EXCHANGE REVENUES FROM THE EXPORT OF COCOA AND COFFEE. EXPORT OF COCOA IS MAJOR SOURCE OF FUNDS FOR DEVELOPMENT. BECAUSE OF THIS DEPENDENCE, SPECIAL EFFORTS BY THE U.S. TO PARTI-LIMITED OFFICIAL USE

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PAGE 03 YAOUND 03356 111937Z

CIPATE IN RENEGOTIATION OF INTERNATIONAL COCOA AGREEMENT WILL BE PARTICULARLY WELCOME. CAMEROON IS NOT ATTACHED TO ANY PARTICULAR REGULATORY SCHEME FOR COCOA AND IS WILLING TO ACCEPT CONCEPT OF BUFFER STOCKS RATHER THAN QUOTAS. WHAT IS IMPORTANT TO CAMEROON IS THAT PRICE BE STABLE AND SUFFICIENTLY HIGH TO COVER COST OF MODERN PRODUCTION, TO ASSURE A WORTHWHILE RETURN TO LOCAL PRODUCERS, AND TO ALLOW COCOA PRODUCTION TO CONTINUE TO BE SOURCE OF DEVELOPMENT FUNDS. AT SAME TIME CAMEROON VERY INTERESTED IN PROCESSING COCOA AND COFFEE IN ORDER TO CAPTURE SOME VALUE ADDED (INITIAL STEPS ALREADY TAKEN IN THIS DIRECTION) AND IN DIVERSIFYING ITS EXPORT TRADE. WE BELIEVE PRIVATE INVESTMENT HAS MOST TO OFFER IN THIS AREA. IT WOULD THEREFORE BE HELPFUL IF OPIC COULD BE PROVIDED WITH MORE FUNDS TO FINANCE FEASIBILITY STUDIES WHICH COULD BE USED TO ATTRACT U.S. INVESTMENT, PARTICULARLY IN AGRICULTURAL PROCESSING. IN SIMILAR VEIN, ASSISTANCE TO CREDIT UNIONS AND PRODUCER COOPERATIVES HELPS RURAL POOR IN CAPITAL FORMATION.

4. HEALTH. EMBASSY IN AGREEMENT WITH CONCEPT OF REGIONAL PROJECTS TO ELIMINATE DISEASE. CAMEROON CURRENTLY INTERESTED IN SCHISTOSOMIASIS ERADICATION PROGRAM. WE ALSO PLANNING IMPLEMENT SEVERAL HEALTH PROJECTS USING BOTH AID AND PC RESOURCES. ON MORE MODEST SCALE, HOWEVER, WE BELIEVE IT WOULD BE WORTH EMPHASIZING WATER

SUPPLY AND ENVIRONMENTAL SANITATION, BOTH OF WHICH WHEN INTEGRATED INTO BROADER COMMUNITY DEVELOPMENT PROJECTS SHOULD GREATLY IMPROVE MORBIDITY AND MORTALITY RATES. IN ADDITION, WATER PROJECTS OF THIS TYPE, BY MAKING POTABLE WATER MORE ACCESSIBLE, CAN HAVE A DRAMATIC IMPACT ON POORER POPULATION BY GREATLY REDUCING DURESS OF DAILY LIFE.

5. MANPOWER SHORTAGES. EMBASSY BELIEVES STRONGLY THAT ONE OF MOST EFFECTIVE WAYS TO CREATE POSITIVE ATTITUDE TOWARD AMERICAN APPROACH TO PROBLEMS AND TO CONTRIBUTE TO AFRICAN DEVELOPMENT IS THROUGH EDUCATIONAL EXCHANGE. CAMEROON ITSELF IS COMMITTED TO ESTABLISHING AND/OR EXPANDING UNIVERSITY CENTERS FOR PROFESSIONAL EDUCATION IN AGRICULTURE, BUSINESS ADMINISTRATION, AND TECHNOLOGY (ENGINEERING). U.S. ASSISTANCE IN DEVELOPING THESE CENTERS COULD LIMITED OFFICIAL USE

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PAGE 04 YAOUND 03356 111937Z

HAVE EXCELLENT LONG TERM IMPACT ON CAMEROON, AND CERTAINLY ON CENTRAL AFRICA AS A WHOLE. US ASSISTANCE IN THE CAMEROONIAN CASE, IN TERMS OF FUNDS AND PERSONNEL, WOULD PROMOTE TRANSFER OF TECHNOLOGY AND SHARE U.S. EXPERIENCES WITH A UNIVERSITY WITH BASICALLY FRANCOPHONE ORIENTATION.

6 ENERGY. CAMEROON IS FORTUNATE IN BEING ABLE UTILIZE HYDRO-ELECTRIC POWER TO MEET MUCH OF ITS ENERGY NEEDS FOR FORESEEABLE FUTURE. HOWEVER, THERE IS GREAT INTEREST IN ALTERNATIVE ENERGY SOURCES, ESPECIALLY SOLAR AND WIND, TO PROVIDE POWER TO ISOLATED VILLAGES. INTEGRATED DONOR APPROACH, USING BOTH AID AND PC TO PLAN AND TRANSFER TECHNOLOGY, PARTICULARLY IN VIEW PROJECTED ESTABLISHMENT TELEVISION AND CURRENT COMMITMENT OF MINISTRY OF EDUCATION TO INCREASE PRACTICAL EDUCATION IN AGRICULTURE, OFFERS GREAT POTENTIAL IN HELPING RURAL POOR MEET BHN.

7. IN SHORT, WHILE MUCH MORE CAN BE DONE TO SPEED THE DEVELOPMENT PROCESS IN AFRICA, WE BELIEVE U.S. SHOULD MAINTAIN FLEXIBLE APPROACH TO ENABLE US TO RESPOND TO HOST GOVERNMENT DEVELOPMENT NEEDS WITHOUT OUR OWN DOCTRINAIRE CONSIDERATIONS INHIBITING OUR ABILITY GIVE FAVORABLE ANSWERS TO WELL-CONCEIVED HIGH PRIORITY PROJECTS.
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